

NEW No.

#13

(1)

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

ROBERT W. ALVORD*
CARL C. DAVIS*
CHARLES T. KAPPLER
JOHN H. DOYLE*
GEORGE JOHN KETO*
MILTON C. GRACE*
JAMES C. MARTIN, JR.*

*NOT A MEMBER OF D.C. BAR
*ALSO ADMITTED IN NEW YORK
*ALSO ADMITTED IN OHIO
*ALSO ADMITTED IN MARYLAND

LAW OFFICES
ALVORD AND ALVORD

200 WORLD CENTER BUILDING

918 SIXTEENTH STREET, N.W.

WASHINGTON, D.C.

20006-2973

RECORDATION NO. 5845

OCT 5 1988 12 05 PM

INTERSTATE COMMERCE COMMISSION

OF COUNSEL
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JOHN L. INGOLDSBY
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CABLE ADDRESS
"ALVORD"

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393-2266

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440367 A AND A

October 5, 1988

Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

No.

8-279A014

Date

OCT 5 1988

Fee \$

13.00

ICC Washington, D.C.

ICC OFFICE OF
THE SECRETARY
OCT 5 11 51 AM '88
MOTOR OPERATING UNIT

Dear Ms. McGee:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two copies of an Order "Approving Sale of Property of the Estate" dated September 16, 1988, issued by The Honorable Steven W. Rhodes, U.S. Bankruptcy Court Judge, of the United States Bankruptcy Court for the Eastern District of Michigan, Southern Division, in the Chapter 11 Proceeding: In re: Michigan Interstate Railway Company, d/b/a Ann Arbor Railway System, Debtor, a primary document.

Said Order provides for the conveyance of the Assets of the Debtor (as defined therein, including railroad rolling stock) "free and clear of all liens, security interests, claims and encumbrances, of whatever nature" with certain exceptions listed therein.

The enclosed document should be indexed in the Commission's Recordation Register under:

Ann Arbor Railway System
121 South Walnut Street
Howell, Michigan 48844

Michigan Interstate Railway Company
121 South Walnut Street
Howell, Michigan 48844

Also enclosed is a check in the amount of \$13 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

C. T. Rayle
C. T. Rayle

Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
October 5, 1988
Page Two

Kindly return a stamped copy of the enclosed document to
Charles T. Kappler, Alvord and Alvord, 918 Sixteenth Street,
N.W., Washington, D.C. 20006.

A short summary of the enclosed primary document to
appear in the Commission's Index is:

Order Approving Sale of Property of the Estate
dated September 16, 1988 in the Chapter 11
Proceeding: In re: Michigan Interstate Railway
Company, d/b/a Ann Arbor Railway System.

Very truly yours,

Charles T. Kappler

Enclosures

Interstate Commerce Commission

Washington, D.C. 20423

10/5/88

OFFICE OF THE SECRETARY

Charles T. Kappler
Alvord & Alvord
918 16th Street, N.W.
Washington, D.C. 20006

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 10/5/88 at 12:05pm, and assigned recordation number(s). 15845, 15846, 15847 & 15848

Sincerely yours,



Secretary

Enclosure(s).

UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

RECORDATION NO. 5845
OCT 5 1988 12 05 PM
INTERSTATE COMMERCE COMMISSION

In re:

MICHIGAN INTERSTATE RAILWAY
COMPANY, d/b/a Ann Arbor
Railroad System,

Debtor.

Case No. 84-01043-R
Chapter 11 Proceeding

Hon. Steven W. Rhodes
Railroad Reorganization

ORDER APPROVING SALE OF PROPERTY OF THE ESTATE

At a session of said Court, held in the
Federal Courthouse, Detroit, Michigan on

SEP 16 1988

PRESENT: HON. STEVEN W. RHODES
U.S. Bankruptcy Court Judge

88 SEP 16 P2:24

FILED

This matter has come before the Court on the Trustee's Application for Order Authorizing Sale of Property of the Estate, by which the Trustee seeks authority to sell the assets of the Debtor ("Assets") described in the Application and in the Asset Purchase Agreement dated June 1, 1988 (the "Agreement") between the Trustee and Ann Arbor Acquisition Corporation ("AAAC"), in accordance with the Debtor's Second Amended Plan of Reorganization (the "Plan") and the Agreement. The Court has considered the Application and the evidence presented to it and finds as follows:

I HEREBY CERTIFY THAT THE FOREGOING IS A TRUE
COPY OF THE ORIGINAL ON FILE IN THIS OFFICE.

CLERK, UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF MICHIGAN

BY: [Signature]
Deputy Clerk

DATE

9-30-88

1. On January 12, 1988 the Plan filed by the Trustee was confirmed by the Court. Under the terms of the Plan, the Trustee proposed to effect a sale of the Debtor's Assets as a going concern, subject to approval of the sale by the Court.

2. After negotiations with numerous interested parties, the Trustee entered into the Agreement with AAAC under the terms of which the Trustee has agreed to sell the Assets to AAAC for the sum of \$6,010,000.00 subject to approval by the Court.

3. In accordance with Bankruptcy Rules 6004 and 2002 and Local Bankruptcy Rule 129, the Trustee has published notice of the proposed sale in a newspaper of general circulation for this District, and in the midwest edition Wall Street Journal, and has filed a notice of the proposed sale which has been sent by the Clerk of the Court to all creditors and parties in interest. These notices constitute fair and adequate notice of the proposed sale to all creditors and parties in interest.

4. The prompt consummation of the Agreement in the manner and time contemplated therein are in the best interests of the estate. The purchase price of \$6,010,000 (subject to adjustment as provided in the Agreement)

constitutes fair and reasonable compensation to the estate in consideration for the sale of the Assets.

5. On or about August 25, 1988 Michigan and Ohio Acquisition Corporation "MOAC") filed an Objection to the Sale and presented an alternative bid to the Court. No other parties have filed objections. MOAC has since indicated by letter to the Trustee and the Court that it has withdrawn its bid and does not wish to bid for the purchase of the Assets.

6. The Trustee has recommended to the Court that the sale of the Assets to AAAC be approved as being in the best interests of the estate. The Court agrees that the sale of the Assets to AAAC is in the best interests of the estate, all parties in interest and the public interest.

The Court being otherwise fully advised in the premises:

IT IS HEREBY ORDERED that the sale and assignment to AAAC, in accordance with the Agreement and this Order, of the Trustee's right, title and interest in the Assets is approved and confirmed in all respects. The Assets upon conveyance shall be free and clear of all liens, security interests, claims and encumbrances, of whatever nature,

(including, without limitation, purchase options and rights of first refusal) excepting (1) the reversionary interest of the Michigan Department of Transportation; (2) that certain lien in favor of the United States of America through the Department of Transportation and the Federal Railroad Administration securing the Trustee's indebtedness up to a maximum amount of \$2,400,000, which lien shall be satisfied upon closing with proceeds of the sale, and (3) those liens, security interests, claims and encumbrances created by, or specifically permitted to remain on the Assets pursuant to the Agreement.

IT IS FURTHER ORDERED that the Trustee is authorized to execute any documents necessary to effectuate the terms of this Order, including but not limited to all deeds, bills of sale, assignments, certificates of title, and other documents and to take such other actions as shall be required or appropriate to consummate promptly the sale of the Assets in the manner set forth in the Agreement.

IT IS FURTHER ORDERED that the Trustee is authorized and directed to assign to AAAC all of his rights under contracts as provided by the Agreement.

IT IS FURTHER ORDERED that the Trustee is authorized and directed to assign to AAAC, as appropriate in

accordance with the Agreement, all of the trackage agreements, joint facilities and operating rights necessary for AAAC, as the case may be, to operate the Ann Arbor Railroad (as defined in the Agreement).

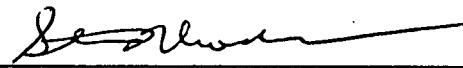
IT IS FURTHER ORDERED that AAAC assumes each of the obligations and liabilities arising under the contracts or agreements assigned by the Trustee in accordance with this Order. After the Closing (as defined in the Agreement), all obligations and liabilities of the Trustee to be assumed by AAAC in accordance with this Order or the Agreement and not otherwise discharged shall be the sole obligation of AAAC and the Trustee and the Debtor shall be relieved from any and all liabilities in connection with or arising out of such obligations except as expressly may be provided otherwise by the Agreement, whether occurring after the Closing or arising out of the conveyance or assignment; provided, however, the foregoing shall not impose on AAAC any liability or obligation not imposed upon or assumed by it in accordance with the terms of the Agreement.

IT IS FURTHER ORDERED that the sale, transfer and assignment of the Assets is without warranties, representations or guaranties of any kind, expressed or implied, except as specifically stated in the Agreement.

IT IS FURTHER ORDERED that upon consummation of the transactions contemplated by the Agreement, all common carrier obligations of the Trustee and debtor be assumed by AAAC and shall cease as to the Trustee and Debtor.

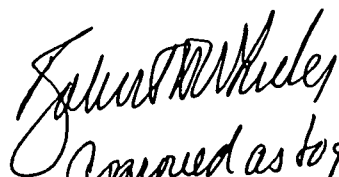
IT IS FURTHER ORDERED that in the event this Court enters an order approving the Stipulation for Settlement entered into by the Trustee and the Railway Labor Executive's Association, dated August 12, 1988 and filed in these proceedings, then the terms of such Stipulation shall be a condition of this sale binding upon AAAC.

IT IS FURTHER ORDERED that the Court shall retain jurisdiction over this matter for the purpose of implementing and carrying out the Agreement and resolving any disputes arising under or with respect to the Agreement, this Order or the Closing.



U.S. Bankruptcy Court Judge

PMF/19980/0001/AP8/2


Agreed as to form
on behalf of Buyer